

[Utah Code §59-10-1007](#)

The Utah Recycling Market Development Zone Program focuses on recycling as an economic development tool by helping businesses that collect, process, distribute or use recycled materials in their manufacturing operations or compost.

Eligible recycling businesses in designated recycling market development zones may qualify for:

- A 5% Utah non-refundable tax credit on the purchase price of machinery and equipment used directly in commercial composting; or manufacturing facilities of plant units that manufacture, process, compound, or produce recycled items of tangible personal property for sale, or reduce or reuse postconsumer waste material; and
- A 20% Utah non-refundable tax credit on net expenditures up to \$10,000 annually to third parties for rent, wages, supplies, tools, test inventory, and utilities made for establishing and operating recycling or composting technology in Utah.

The total credit claimed may not exceed 40% of the Utah income tax liability. Any tax credit for the purchase of machinery and equipment (the 5% credit explained above) that is in excess of tax due will not be refunded, but may be carried forward to offset tax for up to three years.

Note: You cannot claim this non-refundable credit or carry it forward into a year you have claimed the non-refundable Enterprise Zone Tax Credit or the refundable Targeted Business Income Tax Credit.

Qualifying purchases and expenditures must be certified by the Governor's Office of Economic Development (GOED). To claim the credit, complete form [TC-40R, Recycling Market Development Zone Tax Credit](#)

, with the GOED certification verifying the credit has been approved. Do not submit this form with your return. Keep it with your tax records.

You may claim the credit calculated on TC-40R by entering it on Utah TC-40A, Part 4, using code 10.

This credit has been repealed for purchases and expenditures made after December 31, 2011.

For more information, contact:

Governor's Office of Economic Development
324 South State Street, Suite 500
Salt Lake City, UT 84111
801-538-8804
goed.utah.gov/relocate/incentives/incentivesrecycling_zones

For additional information, see the following:

- Recycling Coalition of Utah: utahrecycles.org
- Utah Code [Section 63M-1-1102](#)

Qualified scrap recycling operations may also be eligible to make certain purchases exempt from Utah sales tax. For more information, see [TC-721, Exemption Certificate](#).

Note: The Recycling Market Development Zones Tax Credit is repealed for qualified machinery and equipment purchased and for other qualified expenditures made after December 31, 2011.